

# House File 453

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON ECONOMIC  
GROWTH

(SUCCESSOR TO HSB 180)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to animal biotechnology by creating an animal  
2 biotechnology commercialization fund, extending the time  
3 period during which a life science enterprise may purchase  
4 agricultural land, making appropriations, and providing an  
5 effective date.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

7 TLSB 2585HV 80

8 tm/cf/24

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1 1 Section 1. Section 10C.6, subsection 1, paragraph a,  
2 subparagraph (1), Code 2003, is amended to read as follows:

1 3 (1) The life science enterprise acquires the agricultural  
1 4 land on or before June 30, ~~2004~~ 2008.

1 5 Sec. 2. Section 12E.12, subsection 1, paragraph b,  
1 6 subparagraph (1), Code 2003, is amended to read as follows:

1 7 (1) The tax-exempt bond proceeds restricted capital funds  
1 8 account. The net proceeds of tax-exempt bonds issued to  
1 9 provide funds for capital projects, certain debt service, and  
1 10 attorney fees related to the master settlement agreement which  
1 11 the state treasurer is authorized and directed to deposit on  
1 12 behalf of the state shall be deposited in the account and  
1 13 shall be used to fund capital projects, certain debt service,  
1 14 and the payment of attorney fees related to the master  
1 15 settlement agreement. The funding of capital projects may

1 16 take the form of grants. With respect to capital projects, it  
1 17 is the intent of the general assembly to fund capital projects  
1 18 that qualify as vertical infrastructure projects as defined in  
1 19 section 8.57, subsection 5, paragraph "c", to the extent  
1 20 practicable in any fiscal year and without limiting other  
1 21 qualifying capital expenditures considered and approved by a  
1 22 constitutional majority of each house of the general assembly  
1 23 and the governor.

1 24 Sec. 3. NEW SECTION. 15E.221 ANIMAL BIOTECHNOLOGY  
1 25 COMMERCIALIZATION FUND.

1 26 1. An animal biotechnology commercialization fund is  
1 27 created in the state treasury under the control of the  
1 28 department of economic development. Moneys in the fund shall  
1 29 be used to provide financial assistance in the form of grants  
1 30 and loans for all of the following:

1 31 a. Constructing infrastructure and developing proprietary  
1 32 biotechnology interests in order to implement life science  
1 33 enterprise plans approved by the department pursuant to  
1 34 section 15.104.

1 35 b. Constructing facilities for the purification of animal  
2 1 life science products which facilities shall, in part, be  
2 2 available in a commercially reasonable manner to other  
2 3 companies engaging in the business of purification of animal  
2 4 life science products. At least ten million dollars of the  
2 5 total cost of constructing such a facility must be paid for  
2 6 through the use of any combination of federal, local, and  
2 7 private moneys.

2 8 c. Constructing commercial animal biodefense  
2 9 pharmaceutical production and processing facilities in this  
2 10 state, provided that an Iowa-based qualified life science  
2 11 enterprise holds an equity interest in the facilities. Prior  
2 12 to receiving financial assistance under this paragraph, the  
2 13 recipient must be a party to a federal contract for the  
2 14 construction of a facility described in this paragraph.

2 15 2. The fund shall consist of moneys appropriated by the  
2 16 general assembly for deposit in the fund, and other moneys  
2 17 available to and obtained or accepted by the department for  
2 18 deposit in the fund. Moneys in the fund are appropriated to

2 19 the department to be used for the purposes provided in this  
2 20 section.

2 21 3. Any financial assistance received from the fund shall  
2 22 not be used for purposes of purchasing agricultural land.

2 23 4. a. Applications for financial assistance for projects  
2 24 described in subsection 1, paragraphs "a" and "b", shall be  
2 25 filed with the department not later than May 30, 2003, and  
2 26 shall be acted upon by the department not later than June 30,  
2 27 2003. Administrative rules relating to the time frame for the  
2 28 approval or disapproval of life science enterprise plans shall  
2 29 not apply to the time frame for the application process under  
2 30 this subsection.

2 31 b. Applications for financial assistance for projects  
2 32 described in subsection 1, paragraph "c", shall be filed with  
2 33 the department not later than July 1, 2005, and financial  
2 34 assistance provided to such projects shall be expended not  
2 35 later than June 30, 2006.

3 1 5. A financial assistance award approved under this  
3 2 section may involve the disbursement of moneys from the fund  
3 3 over a period of more than one year.

3 4 6. Notwithstanding section 8.33, all moneys in the animal  
3 5 biotechnology commercialization fund which remain unexpended  
3 6 or unobligated at the close of the fiscal year shall not  
3 7 revert, but shall remain available for expenditure for  
3 8 subsequent fiscal years. Notwithstanding section 12C.7,  
3 9 interest or earnings on moneys in the fund shall be credited  
3 10 to the fund.

3 11 Sec. 4. TAX-EXEMPT BOND PROCEEDS RESTRICTED CAPITAL FUNDS  
3 12 ACCOUNT OF THE TOBACCO SETTLEMENT TRUST FUND == APPROPRIATION.

3 13 1. There is appropriated from the tax-exempt bond proceeds  
3 14 restricted capital funds account of the tobacco settlement  
3 15 trust fund established in section 12E.12 to the department of  
3 16 economic development for the fiscal period beginning July 1,  
3 17 2002, and ending June 30, 2005, the following amounts, or so  
3 18 much thereof as is necessary, to be used for the purposes  
3 19 designated:

3 20 a. For deposit in the animal biotechnology  
3 21 commercialization fund created in section 15E.221 to be used  
3 22 for purposes of projects described in section 15E.221,  
3 23 subsection 1, paragraph "b":  
3 24 FY 2002=2003 ..... \$ 5,000,000  
3 25 FY 2003=2004 ..... \$ 5,000,000  
3 26 FY 2004=2005 ..... \$ 0

3 27 b. For deposit in the animal biotechnology  
3 28 commercialization fund created in section 15E.221 to be used  
3 29 for purposes of projects described in section 15E.221,  
3 30 subsection 1, paragraph "c":  
3 31 FY 2002=2003 ..... \$ 0  
3 32 FY 2003=2004 ..... \$ 0  
3 33 FY 2004=2005 ..... \$ 10,000,000

3 34 2. Any financial assistance awarded from the animal  
3 35 biotechnology commercialization fund using moneys from the  
4 1 appropriations made under this section shall be in the form of  
4 2 grants.

4 3 3. Any moneys remaining in the fund from the  
4 4 appropriations under this section that are unexpended or  
4 5 unobligated on June 30, 2006, shall revert to the tax-exempt  
4 6 bond proceeds restricted capital funds account of the tobacco  
4 7 settlement trust fund on June 30, 2006.

4 8 Sec. 5. REBUILD IOWA INFRASTRUCTURE FUND == APPROPRIATION.

4 9 1. There is appropriated from the rebuild Iowa  
4 10 infrastructure fund created in section 8.57, subsection 5,  
4 11 paragraph "a", to the department of economic development for  
4 12 the fiscal period beginning July 1, 2003, and ending June 30,  
4 13 2005, the following amounts, or so much thereof as is  
4 14 necessary, to be used for the purposes designated:

4 15 a. For deposit in the animal biotechnology  
4 16 commercialization fund created in section 15E.221 to be used  
4 17 for purposes of projects described in section 15E.221,  
4 18 subsection 1, paragraph "a":  
4 19 FY 2003=2004 ..... \$ 0  
4 20 FY 2004=2005 ..... \$ 5,000,000

4 21 b. For deposit in the animal biotechnology  
4 22 commercialization fund created in section 15E.221 to be used  
4 23 for purposes of projects described in section 15E.221,  
4 24 subsection 1, paragraph "b":  
4 25 FY 2003=2004 ..... \$ 5,000,000  
4 26 FY 2004=2005 ..... \$ 0

4 27 2. Any financial assistance awarded from the animal  
4 28 biotechnology commercialization fund using moneys from the  
4 29 appropriations made under this section shall be in the form of

4 30 loans, forgivable loans, loan guarantees, principal buy-downs,  
4 31 interest buy-downs, equity-like investments, or cost  
4 32 reimbursement for technical or professional management  
4 33 services. For purposes of this subsection, "equity-like  
4 34 investments" means the provision of assistance in such a  
4 35 manner that the potential return on investment to the provider  
5 1 varies according to the profitability of the company assisted.  
5 2 "Equity-like investments" includes royalty arrangements,  
5 3 warrant arrangements, or other similar forms of investments.  
5 4 Repayments of principal and interest on loans made from the  
5 5 animal biotechnology commercialization fund shall be deposited  
5 6 in the rebuild Iowa infrastructure fund.

5 7 3. Any moneys remaining in the animal biotechnology  
5 8 commercialization fund from the appropriations under this  
5 9 section that are unexpended or unobligated on June 30, 2006,  
5 10 shall revert to the rebuild Iowa infrastructure fund on June  
5 11 30, 2006.

5 12 Sec. 6. STATE BOARD OF REGENTS APPROPRIATION. There is  
5 13 appropriated from the tax-exempt bond proceeds restricted  
5 14 capital funds account of the tobacco settlement trust fund  
5 15 established in section 12E.12 to the state board of regents  
5 16 for the fiscal year beginning July 1, 2003, and ending June  
5 17 30, 2004, the following amount, or so much thereof as is  
5 18 necessary, to be used for the purpose designated:

5 19 For the construction of an animal biotechnology commercial  
5 20 pharmaceutical research center to be built in cooperation with  
5 21 the establishment by private and local sources of an animal  
5 22 biotechnology business development center:

5 23 ..... \$ 3,000,000

5 24 Sec. 7. EFFECTIVE DATE. This Act, being deemed of  
5 25 immediate importance, takes effect upon enactment.

5 26 HF 453  
5 27 tm/es/25